Time for the New Zealand health sector to divest all investment funds out of fossil fuels

Hayley Bennett, Nick Wilson, Alistair Woodward

In June last year the British Medical Association divested its investment funds out of the fossil fuel sector,¹ and Norway’s state pension fund (the world’s biggest sovereign wealth fund), has recently adopted “new criterion to exclude companies whose conduct to an unacceptable degree entail greenhouse gas emissions”.²

The Guardian newspaper has also started a campaign asking the world’s largest health charities to divest from fossil fuels.³⁴ The Guardian cites the disjunction between the aim of the charities to improve public health, and their support for climate-damaging fossil fuels that are harming human health and wellbeing.⁵⁶

Given the growing momentum behind fossil fuel divestment – well supported by the scientific community⁴ – it seems timely to ask ourselves, as health professionals and members of health organisations, what is happening in our own backyard?

Burning all of the current proven fossil fuel reserves will result in carbon emissions much greater than the 2°C carbon budget for a ‘safe’ climate allows.⁷⁸ Yet fossil fuel companies continue to search for new reserves to extract, including in New Zealand.⁹ This ‘business as usual’ approach of continued fossil fuel extraction and burning puts us on a path toward 4–7°C warming by the end of the century.⁸¹⁰

The fifth Intergovernmental Panel on Climate Change (IPCC) report states that the health impacts of a 4°C temperature rise will be more than twice those of a +2°C rise. In such a climate, parts of the world may no longer be able to support human health because of extreme weather, limits on working outdoors, and severely reduced food.⁵

The rest of the world (including New Zealand) may face slightly lesser direct effects in a +4°C climate, but will potentially have to deal with enormous new health and social challenges from indirect effects (eg, population migration/displacement, conflict).¹¹

Thus the urgent need to set the world on a low carbon pathway. The good news is that this can boost public health as well as protecting the climate. Decreased fossil fuel burning (especially coal) will also decrease health damaging air pollution, the cause of a large global burden of disease.¹²

If this is not convincing enough, then one can make the economic argument that keeping money invested in fossil fuels no longer makes financial sense given the risk of ‘stranded assets’ as the world transitions to a low carbon economy.⁷

Some will argue that continued burning of fossil fuels to aid economic development (and alleviate poverty) in poor countries is a more immediate and important concern for global health. However energy growth is not tightly coupled with human development, and the priority, in our view, is poverty alleviation (ie meeting basic human needs) rather than increasing consumption. In low- and high-income countries, there are many low–carbon routes to achieve both better living standards and improved health.¹³

So, as New Zealand health professionals, health charities, and members of health organisations and research bodies, we need to question our investment funds. That includes The Accident Compensation Corporation (ACC) investment fund, District Health Board Super Schemes, health professional insurer/lender/investment companies, and investments held...
by universities. ACC alone has over $600 million invested in fossil fuel holdings (coal, oil and gas).\textsuperscript{14}

It would not be the first time that health has acted ethically to remove financial support from health damaging products. The health profession also played a key role in the divestment from tobacco\textsuperscript{3,15}

Of course, the New Zealand health sector also needs to transition away from burning fossil fuels to heat its hospitals and to adopt more energy conservation measures (as per the National Health Service in the United Kingdom).\textsuperscript{16,17} But the key responsibility is still with New Zealand's central government to: (i) show international leadership and set bolder emission reduction targets; (ii) to substantially upgrade the (near moribund) Emissions Trading Scheme; (iii) to cease subsidising oil and gas exploration; and (iv) to adopt more effective policies that maximise the health co-benefits of a lower carbon society (eg, home insulation and cycling infrastructure). Collectively, such actions will help to mitigate climate change, generate benefits for the health of New Zealanders, and return New Zealand to be a respected member of the international community.

\textbf{Hayley Bennett}  
OraTaiao: The New Zealand Climate and Health Council

\textbf{Nick Wilson}  
Public Health, University of Otago Wellington

\textbf{Alistair Woodward}  
School of Population Health, University of Auckland

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